

G-1

Applies to Communities set forth in title sheet

RULES REGULATIONS AND CONDITIONS OF SERVICE

RIDER A

GAS CHARGE

Applicable to All Service Classifications

Each month the Company shall calculate a commodity and a non-commodity Gas Charge. Both Gas Charges shall be applied to each therm billed during the effective month to customers in all non-transportation service classifications. Only the non-commodity Gas Charge shall be applied to transportation customers, should such customers seek service under an applicable tariff.

On or before the twentieth day of each month, the Company shall file with the Commission a set of schedules specifying the Gas Charges to be effective for service billed in the effective month as provided in Section E. Such filing shall include a statement showing the determination of each such Gas Charge, such determination to be accompanied by data in explanation thereof.

The Company shall use a reconciliation year beginning on January 1 of each year and ending on December 31 of such year.

Section A Definitions

"base period" shall mean the effective month or the remaining months in the reconciliation year which includes the effective month;

"effective month" shall mean the month following the filing month, during which the Gas Charge will be in effect;

"filing month" shall mean the month in which a Gas Charge is determined by the Company and filed with the Commission;

"Gas used by the Company" shall include all gas used by the Company except gas utilized in the manufacture of gas through a reforming process, and shall include gas furnished to municipalities or other governmental authorities without reimbursement in compliance with franchise, ordinance or similar requirements;

"reconciliation year" shall mean the 12-month period defined in the Company's tariff for which actual gas costs and associated revenues are to be reconciled;

"system average cost of gas" shall mean the weighted average cost per therm of gas estimated to be purchased, withdrawn from storage, and manufactured during the base period or reconciliation year.

Issued December 12, 1995

Issued by Philip Barnhard IV

316 Market Street, Mt Carmel, IL 62863

Effective January 1, 1996

President

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Section B Cost Basis

The Gas Charge shall represent the Company's estimate of recoverable gas costs (as prescribed in Section C) to be incurred during the base period, with an adjustment to such costs through use of Adjustment Factors (as prescribed in Sections D, E, and F). Any Gas Charge established to recover commodity gas costs (separately or in conjunction with non-commodity gas costs) shall use an estimate of the recoverable costs to be incurred during the effective month. Any Gas charge established to recover only non-commodity gas costs shall use an estimate of the recoverable costs to be incurred during the remaining months of the reconciliation year.

Section C Recoverable Gas Costs

a) Costs recoverable through the Gas Charge shall include the cost of the following:

(1) costs of natural gas and any solid, liquid, or gaseous hydrocarbons purchased for injection into the gas stream or purchased as feedstock or fuel for the manufacture of gas, or delivered to the Company under exchange agreements;

(2) costs for storage services purchased;

(3) transportation costs related to such natural gas and any solid, liquid or gaseous hydrocarbons and any storage services; and

(4) other out-of-pocket direct non-commodity costs related to hydrocarbon procurement, transportation, supply management, or price management, net of any associated proceeds, and Federal Energy Regulatory Commission-approved charges required by pipeline suppliers to access supplies or services described in subsections (a) (1) through (3) of this Section.

b) Determination of the Gas Charge(s) shall exclude the estimated cost of gas to be used by the Company, based on the system average cost of gas for the effective month.

c) the cost of gas estimated to be withdrawn from storage during the base period shall be included in the Gas Charge(s).

d) Recoverable gas costs shall be offset by the revenues derived from transactions at rates that are not subject to the Gas Charges(s) if any of the associated costs are recoverable gas costs as prescribed by subsection (a) of this Section. This Subsection shall not apply to transactions subject to rates contained in tariffs on file with the Commission, or in contracts entered into pursuant to such tariffs, unless otherwise specifically provided for in the tariff. Taking into account the level of additional recoverable gas costs that must be incurred to engage in a given transaction, the utility shall refrain from entering into any such transaction that would raise the Gas Charge(s).

e) Revenues from penalty charges or imbalance charges, which the Commission has previously approved to prevent unauthorized actions of customers, shall offset gas costs.

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Section C Recoverable Gas Costs ctd

f) Revenues from "cash-out" schedules, which the commission has previously approved for transportation customers' monthly imbalances, shall offset gas costs. Under such schedules, the company can charge customers for gas used in excess of the amount contracted for, or can refund to customers the avoided cost of gas not taken. Refunds by the utility pursuant to any such "cash-out" schedule shall be treated as gas costs recoverable under this Section.

Section D Adjustments to Gas Costs

a) The Adjustment Factor (Factor A) shall be treated as an addition to or an offset against actual gas costs. This Adjustment Factor shall include the total of the following items:

- 1) refunds, directly billed pipeline surcharges, unamortized balances of adjustments in effect as of the Company's implementation date, and other separately designated adjustments;
- 2) the cumulative difference between actual recoverable gas costs and purchased gas adjustments ("PGA") recoveries for months preceding the filing month; and
- 3) the unamortized portion of any Adjustment Factor(s) included in prior determinations of the Gas Charge(s).

b) If the Company determines the need to amortize the Adjustment Factor over a period longer than the base period, this Adjustment Factor shall be amortized over a period not to exceed 12 months. The Company shall, in the monthly filing in which Factor A is first amortized, include an amortization schedule showing the Adjustment Factor amount to be included in the base period. The associated carrying charge established by the commission under 83 Ill Adm Code 280.70 (e) (1) and in effect when the Adjustment Factor is first amortized shall be applied to each month's unamortized balance and included within Factor A.

Section E Determination of Gas Charge(s)

a) Each month the Company shall determine the Gas Charge(s) to be placed into effect for service billed during the effective month.

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Section E Determination of Gas Charge(s) ctd

b) The Gas Charge(s) shall be determined in accordance with the following formula:

$$GC = \left(\frac{G \pm A \pm O}{T} \right) \times 100$$

where:

GC = The Gas Charge(s) in cents per therm rounded to the nearest 0.01¢; any fraction of 0.01¢ shall be dropped if less than 0.005¢ or, if 0.005¢ or more, shall be rounded up to the ;next full 0.01¢. The Company may establish separate Gas Charges for each type of gas cost.

G = The sum of the estimated recoverable gas costs associated with the base period, as prescribed in Section C. If separate Gas Charges are established, only costs related to the specific Gas Charge shall be included.

A = An amount representing the total adjustments to gas costs, as prescribed in Section D. If Company has elected to amortize the total adjustments to gas costs, Factor A shall include the amount applicable to the base period.

O = An amount representing the additional over- or under-recovery for a reconciliation year ordered by the Commission to be refunded or collected, including interest charged at the rate established by the Commission under 83 Ill Adm Code 280.70(e)(1) from the end of the reconciliation year to the order date in the reconciliation proceeding. If the Commission determines it is necessary to amortize the additional over-or under-recovery, additional interest shall be charged in the same manner as that prescribed in Section D (b).

T = The estimated applicable therms of gas associated with service to be billed during the base period.

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Section F Annual Reconciliation

a) In conjunction with a docketed reconciliation proceeding, the Company shall file with the Commission an annual reconciliation statement, which shall be certified by the Company's independent public accountants and verified by an officer of the utility. This statement shall show the difference between the following:

- 1) the costs recoverable through the Gas Charge(s) during the reconciliation year, as adjusted by Factor A and Factor O, and
- 2) the revenues arising through the application of the Gas Charge(s) to applicable therms during the reconciliation year.

b) If, after hearing, the Commission finds that Company has not shown all costs to be prudently incurred or has made errors in its reconciliation statement for such reconciliation year, the difference determined by the Commission shall be refunded or recovered, as appropriate, under the Ordered Reconciliation Factor (Factor O), along with any interest or other carrying charge authorized by the Commission.

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Mt. Carmel Public Utility Co.- Docket No. 08-0629
Reconciliation of the PGA
For the year ended December 31, 2008

Line No.	Description	Commodity Gas Charge	Non-Commodity Gas Charge	Total
1	Unamortized balance as of 12/31/07 per 2007 Reconciliation	\$ 135,920	\$ 0	\$ 135,920
2	Factor A Adjustments Amortized to Sch. I at 12/31/07 per 2007 Reconciliation	74,381	612	74,993
3	Factor O Collected/(Refunded) during 2008	<u>1,649</u>	<u>0</u>	<u>1,649</u>
4	Balance to be Collected/(Refunded) during 2008 from prior periods (sum of lines 1 - 3)	211,950	612	212,562
5	2008 Gas Costs	3,750,031		100 3,750,131
6	2008 PGA Revenues	(3,676,530)	(686)	(3,677,216)
7	Pipeline Surcharges/(Refunds)	0	0	0
8	Other Adjustments	(7,980)	0	(7,980)
9	Interest	<u>(4,351)</u>	<u>0</u>	<u>(4,351)</u>
10	2008 Under/(Over)-Recovery (sum of lines 5 - 9)	61,171	(586)	60,585
11	Under/(Over)-Recovery Balance at 12/31/08 (line 4 + line 10)	273,121	26	273,147
12	Factor A Adjustments Amortized to Schedule I at 12/31/08	88,275	17	88,292
13	Unamortized Balance at 12/31/08 (per Filing truing up actuals for Dec. 2008)	<u>176,698</u>	<u>0</u>	<u>176,698</u>
14	Requested Factor O Collection/(Refund) (line 11 - line 12 - line 13)	<u>\$8,148</u>	<u>\$9</u>	<u>\$ 8,157</u>